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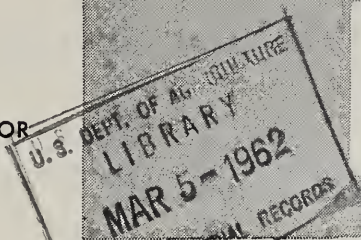
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THE
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Market Administrator's

BULLETIN

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MARKET ADMINISTRATOR



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Unusually Sharp Decline In Use of Butter and Fluid Milk from Commercial Sources Aggravates Supply-Demand Balance

The Dairy Situation, Economic Research Service USDA, November 1961

Since World War II, the demand from all sources for a number of dairy products has been declining, particularly some items rich in milk-fat, even though real incomes have been expanding. During this period, the per capita consumption of butter dropped from 10.6 pounds to 7.5 pounds in 1960, fluid cream from 12.9 pounds to 9.3 pounds and evaporated milk from 18.1 pounds to 11.3 pounds. For ice cream, American cheese and fluid milk products other than cream, per capita use has shown relatively little change over the last decade. Substantial increases in per capita use, however, have occurred among those products that are heavy users of solids-not-fat such as cottage cheese, nonfat dry milk and frozen desserts other than ice cream. Persistent growth in consumption has also been exhibited by cheese, other than American, and by condensed milk.

Changes in the pattern of the consumption of dairy products have come about for a number of reasons. One of the most important has been the conscious effort on the part of consumers to reduce their intake of certain fats. This has been particularly evident in fluid milk products. Consumers have shifted from heavy cream to light cream and half-and-

half and to some extent from whole milk to low fat items. It has also occurred, but to a lesser extent, among the frozen desserts. Another significant factor has been the greater competition from products made with lower-priced vegetable fats. The use of butter, in particular, has been adversely affected by this development. In 1960, the combined use per capita of oleomargarine and butter at 16.9 pounds was actually above the 1947-49 rate of 16.2 pounds. However, during this span of years per capita butter consumption declined three and one-tenth pounds, while the use of margarine increased 3.8 pounds. Competition from vegetable fats in certain states has also arrested the growth in the per capita consumption of ice cream at a time when the use of frozen desserts, especially ice milk and mellorine, were trending upward. In the case of evaporated milk, reduced consumption resulted from the greater availability of fresh fluid milk, particularly in the South, and less dependence on this product in baby feeding formulas. Evaporated milk is the only major dairy product whose consumption has a tendency to decline as incomes rise.

The same considerations which prompted consumers to attempt to

cut down their intake of certain fats also encouraged them to increase their use of low fat items such as cottage cheese and nonfat dry milk. Nonfarm use of skim or low fat milk products has also greatly increased, although a sharp loss in use on farms has held the overall per capita consumption of this product to a range mostly between 31 and 33 pounds in the last decade. Substantially fewer people on farms with milk cows and a sizeable decline in their rate of consumption explain the reduced farm use.

The per capita consumption of creamery butter from commercial sources declined by only 2.2 pounds in the post-World War II period, compared with a 3.1 pounds reduction for butter from all sources. Most of this difference resulted from a sharp fall-off in the use of farm-churned butter, largely on farms where produced, from an average of 1.7 pounds per capita in 1947-49 to only 0.4 pound in 1960. Distributions of butter from CCC supplies essentially offset the reduced use of farm butter from 1953 through 1957 and temporarily arrested the downtrend in total butter consumption. In 1959 and 1960 the downtrend in total per capita

(Continued on Page Four)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

Dec. 1961	Nov. 1961	Dec. 1960
\$4.61	\$4.77	\$4.79
4.995	5.15	5.185
4.600	4.505	4.782
4.200	4.105	4.382
3.919	3.876	4.063
3.267	3.250	3.092
7.7¢	7.6¢	7.9¢
78.0	82.2	79.8
72.3	77.7	74.3
6.1	6.7	6.2
2.0	2.6	2.0
1.9	2.2	1.7
2.4	3.0	1.8
14.0	8.9	12.3
23.3	16.7	21.9
32,916,637	29,409,401	28,880,166
828,261	805,505	743,554
1,329	1,312	1,545
799	747	603
3.98	3.91	3.97
\$1,552,840.50	\$1,366,232.18	\$1,407,078.75
\$263.84	\$242.98	\$205.65
24,728,367	23,277,100	22,197,099
947,720	893,565	853,072
25,676,087	24,170,665	23,050,171
2,042,345	2,066,019	1,833,436
26,034	30,132	22,272
2,068,379	2,096,151	1,855,708
294,384	307,166	303,085
4,270	4,421	4,588
13,886	17,165	14,224
10,810	11,359	11,301
9,380	9,091	9,325

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Dec., 1952 - 61

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1952.....	18,421,239	4.17	78.8	16.6	4.6	----	4.58	4.736	4.336	3.659	—	2,209	269
1953.....	22,066,687	4.10	73.5	13.9	12.6	----	4.26	4.472	4.072	3.466	—	2,252	316
1954.....	22,456,753	4.05	77.2	7.9	4.1	10.8	4.06	4.27	3.87	3.87	3.276	2,152	337
1955.....	23,609,212	4.03	76.9	8.9	4.4	9.8	4.01	4.188	3.788	3.788	3.161	2,096	363
1956.....	23,637,293	3.88	81.0	9.7	3.3	6.0	4.21	4.365	3.965	3.965	3.236	1,966	388
1957.....	24,923,644	3.93	79.9	7.4	4.0	8.7	4.24	4.419	4.019	3.919	3.096	1,863	432
1958.....	23,204,810	4.01	85.1	8.8	1.9	4.2	4.30	4.401	4.001	3.901	2.977	1,712	437
1959.....	27,160,559	4.01	83.4	6.2	2.1	8.3	4.85	4.758	4.358	3.854	3.155	1,693	518
1960.....	28,880,166	3.97	79.8	6.2	1.7	12.3	4.79	4.782	4.382	4.063	3.092	1,545	603
1961.....	32,916,637	3.98	78.0	6.1	1.9	14.0	4.61	4.600	4.200	3.919	3.267	1,329	799

USDA Foods, Cash Spur School Lunch Program

Encouraged by increased Federal contributions of foods and cash, a new high of more than 14 million children are eating nutritionally balanced school lunches and creating an ever-growing local market for farm foods, the U. S. Department of Agriculture reports. This is an increase of 5 percent from the number of children in the school lunch program last year.

The youngsters pay an average of 27 cents per lunch, except for some 10 percent who get their lunches free or at a lower price because they cannot afford to buy them. Payments by children average about 60 percent of the cost of the lunch. Federal, State and local sources make up the difference.

This school year, Federal contributions under the National School Lunch Program will total nearly \$280 million—\$98.6 million in cash reimbursements to be spent locally for food, foods worth \$70 million bought with school lunch funds by the Department to help schools meet lunch requirements, and over \$100 million worth of commodities donated from Government price-support and surplus-removal stocks. About four-fifths of the food used in school feeding is bought by the schools from local suppliers, and this year such purchases are expected to reach \$610 million.

Overall, the school lunch program is the largest single food service industry in the nation. It is a billion

dollar operation involving some \$800 million worth of food and at least \$200 million worth of local services.

Among a broad variety of farm foods bought so far this fiscal year by the Department to help participating schools meet the nutritional requirements of the National School Lunch Act are 40.7 million pounds of ground beef (sufficient to provide 18 servings per child in the program), 37.7 million pounds of frozen chickens (5.5 servings per child), and quantities of such canned fruits and vegetables as sliced apples, applesauce, apricots, cherries, grapefruit sections, peaches, tomatoes, green beans and corn.

Under surplus-removal actions, some 60 million pounds of frozen turkeys and 10 million pounds of fresh cranberries have been bought and distributed for school lunch use. Quantities of lard, peanut butter and dry beans have also been made available to schools, and out of price-support stocks butter, cheese, rice nonfat dry milk, wheat flour and cornmeal are donated in quantities that they can use effectively.

Some 64,000 public and non-profit private schools participate in the lunch program, which is administered cooperatively by USDA's Agricultural Marketing Service and educational agencies of all States and Territories.

The program was made permanent in 1946 with the passage of the National School Lunch Act "to safe-

guard the health and well-being of the nation's children and to encourage the domestic consumption of nutritious agricultural products." Now in its 16th year, one out of every three elementary and high school pupils is eating a well-balanced noon meal at school under the program.

SHIFT TO WHOLE MILK MARKETING LEADS TO RAPID EXPANSION IN USE OF SOLIDS - NOT - FAT

The Dairy Situation, Economic Research Service
USDA, December 1961

A most striking feature of the production-consumption picture of the past decade had been the large increase in the use of solids-not-fat for human food. Between 1950 and 1960, milk production increased 5 percent, but the solids-not-fat used in food products gained 26 percent. In contrast, the use of milkfat in foods expanded less than 1 percent.

The large increase in the use of solids-not-fat was facilitated by the change in the way farmers market their milk. In 1960, only about 7 percent of the milk was marketed as farm-separated cream, compared with about 20 percent in 1950. In the 1930's it was 30 percent. This shift in the way milk is marketed represented in 1960 an increase over the thirties of about 33 billion pounds of skim milk entering commercial channels and becoming available for human food. Before the shift occurred, the skim milk left over from the separation process was used primarily as animal feed.

UNUSUALLY SHARP DECLINE

(Continued from Page One)

butter consumption was resumed because of small declines in each of the major consumption categories: (1) Creamery butter from commercial sources; (2) farm butter; and (3) CCC distributions.

Declines in the consumption of dairy products from commercial sources between 1960 and 1961 played a significant part in the worsening of the supply-demand balance. Increased use of American and other cheese was the only bright spot in the consumption picture in 1961; the consumption of all other major dairy products was lower than in 1960.

Of particular concern was the sharp reduction in the use of butter and fluid whole milk and cream. In the three years ending in 1960, commercial takings per capita of butter, fluid milk, and cream from the private sector of the market had been drifting lower, but gains in population had held aggregate consumption relatively unchanged. The per capita decreases in 1961, however, were much greater and resulted in a significant lowering in total consumption. Nonfat dry milk consumption per capita from commercial sources in 1961 was significantly below 1960, reflecting two successive increases in the CCC purchase prices since August of 1960. Only about one-fifth of all nonfat dry milk sold commercially is

packaged for home use; the rest is essentially used as a raw material in the products of other industries, especially the bakery, dairy and meat processing industries. Apparently, the decline in industrial use was not fully offset by greater use in homes.

With a lower use of dairy products from commercial supplies, total consumption, both in terms of milkfat and solids-not-fat, may be higher in 1961 than the year before because Government distributions of butter and nonfat dry milk will be substantially larger. Most of the increase in donations will go to needy persons. Distributions of cheese are likely to exceed the relatively small quantities

of last year. However, they were curtailed this year because the CCC began the year with no cheese inventory, and accumulations of new cheese from purchases since April 1, 1961, did not permit increased activity until the second half of the year. In 1962, the CCC will contribute substantially larger quantities of cheese to domestic consumption, and there may be some further increases for butter and nonfat dry milk. This, together with improvements in the general economy, is likely to result in some increase in the aggregate use of milk solids from all sources in 1962, although per capita use may be about the same as this year.

Market Quotations

December
1961

MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.194
4 CONDENSERIES (Cincinnati) 3.5% per Cwt. (Estimated)	2.8875
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.925
Evaporated Milk Code Price, 3.5% per Cwt.	2.908
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.3713
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.317
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.341
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo)	3.215
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.)	3.215
Average Weekly Cheddars price per lb.	.3525
Average price per lb. non-fat dry milk solids, roller process, delivered in Chicago	.15675
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.15275

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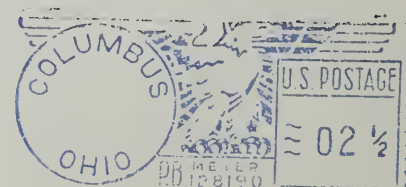
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